

July 18, 2025

Q1FY26 Result Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	1,425		1,425	
Sales (Rs. m)	11,726	13,164	11,726	13,164
% Chng.	-	-	-	-
EBITDA (Rs. m)	4,749	5,397	4,749	5,397
% Chng.	-	-	-	-
EPS (Rs.)	31.6	35.6	31.6	35.6
% Chng.	-	-	-	-

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	7,915	9,666	11,726	13,164
EBITDA (Rs. m)	3,321	3,876	4,749	5,397
Margin (%)	42.0	40.1	40.5	41.0
PAT (Rs. m)	2,440	2,644	3,359	3,787
EPS (Rs.)	23.0	24.9	31.6	35.6
Gr. (%)	(17.3)	8.3	27.1	12.7
DPS (Rs.)	5.0	4.0	5.1	5.7
Yield (%)	0.3	0.3	0.4	0.4
RoE (%)	22.1	20.2	21.6	20.4
RoCE (%)	25.9	24.3	25.1	23.7
EV/Sales (x)	19.4	15.9	13.1	11.6
EV/EBITDA (x)	46.2	39.6	32.3	28.2
PE (x)	62.9	58.1	45.7	40.6
P/BV (x)	12.8	10.8	9.0	7.6

Key Data

CLEA.BO | CLEAN IN

52-W High / Low	Rs.1,690 / Rs.1,062
Sensex / Nifty	82,259 / 25,111
Market Cap	Rs.154bn/ \$ 1,784m
Shares Outstanding	106m
3M Avg. Daily Value	Rs.202.94m

Shareholding Pattern (%)

Promoter's	74.97
Foreign	6.21
Domestic Institution	5.92
Public & Others	12.90
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	0.5	1.3	(2.1)
Relative	(0.3)	(5.6)	(3.9)

Swarnendu Bhushan

swarnendubhushan@plindia.com | 91-22-66322260

Saurabh Ahire

saurabhahire@plindia.com | 91-22-66322537

HALS still at <25% utilization

Quick Pointers:

- Promoters' stake is expected to reduce from 75% to 51%, as certain members of the promoter family group plan to sell their holdings
- HALS volume reached 580tn in Q1FY26, sales volume guidance of 4,500tn for FY26 intact, current utilization at 22%

Clean Science and Technology (CLEAN) reported revenue of Rs2.4bn in Q1FY26, marking an 8.4% YoY increase but a 7.9% QoQ decline. The sequential dip in topline was due to lower sales of newer products such as DCC and TBHQ. The Pharma & Agro Intermediates segment witnessed the sharpest decline, with revenue down 32% QoQ. Volume for the company's established products remained strong, supporting a robust standalone EBITDAM of 46%, driven by lower raw material costs. HALS volume stood at 540tn. The management reiterated its guidance of 4,500tn for HALS volume in FY26, with new HALS grades priced at USD11–35/kg expected to be launched over the coming quarters. HALS is likely to break even at the EBITDA level by Q2FY26, with monthly sales expected to reach Rs100mn. The HALS subsidiary reported EBITDA loss of Rs80mn in Q1FY26. On the capex front, water trials at Performance Chemicals 1 are scheduled for Aug'25, with commercialization of the facility targeted for Sep. Performance Chemicals 2 is on track for commercialization in Q4FY26. Looking ahead, these new capacity additions are expected to be key growth drivers. However, the company's margin profile may face some pressure, as certain new products such as HALS are expected to yield lower profitability compared to the legacy portfolio. At its current valuation of 41x FY27 EPS, we maintain 'HOLD' rating on CLEAN, with target price of Rs1,425 valuing it at 40x FY27 EPS.

- Legacy products drive YoY revenue growth:** Consolidated revenue for Q1FY26 stood at Rs2.4bn, up 8.4% YoY but down 7.9% QoQ (PLe: Rs2.63bn, Consensus: Rs2.62bn). The YoY revenue growth was driven by an increase in sales of legacy products. HALS sales volume increased to 580tn. Gross margin expanded by 180bps sequentially, aided by a decline in key raw material prices.
- EBITDAM expands sequentially by 140bps:** EBITDA stood at Rs999mn, up 5.5% YoY but down 4.7% QoQ (PLe: Rs1,086mn; Consensus: Rs1,051mn). EBITDA margin came in at 41.1%, contracting 120bps YoY (vs. 42.3% in Q1FY25) but improving from 39.7% in Q4FY25. The YoY margin decline was due to higher overhead costs. Reported PAT was Rs701mn, reflecting a 6.3% YoY increase and a 5.4% QoQ decline. PAT margin remained steady at 29% (vs. 29% in Q1FY25 and 28% in Q4FY25). The effective tax rate eased to 26% (vs. 27% in Q1FY25).
- Concall takeaways:** (1) Revenue mix: Performance Chemicals: 74%, Pharma & Agro: 16%, and FMCG: 10%, with domestic and export contributions at 39% and 61%, respectively. (2) Contribution from principal products increased to 83% in Q1FY26 (vs. 80% in Q1FY25 and 75% in Q4FY25), due to relatively

softer offtake in new products (notably DCC and TBHQ). **(3)** Utilization levels were 75% for Performance Chemicals, 22% for HALS, and 70% for Pharma & Agro. **(4)** HALS volume in Q1FY26 was 580tn, with revenue at Rs240mn. **(5)** Domestic revenue mix of HALS was 73% during the quarter vs 84% in Q4FY25. **(6)** New HALS grades priced at USD11-35/kg are likely to be launched in next few quarters. **(7)** Major pickup in HALS sales is expected from Q3FY26. **(8)** Performance Chemicals 1: Water trials are scheduled in Aug'25, and commercial production is likely to begin in Sep. **(9)** Performance Chemicals 2: The facility is on track to be commercialized in Q4FY26. **(10)** Barbituric acid (PBQ is replaced with this product) production is likely to start in Aug'25.

Exhibit 1: Q1FY26 Result Overview - Consolidated (Rs mn)

Y/e March	Q1FY26	Q1FY25	YoY gr. (%)	Q1FY26E	% Var.	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Net Sales	2,429	2,240	8.4%	2,638	-7.9%	2,637	-7.9%	11,726	9,666	21.3%
Gross Profit	1,590	1,465	8.5%	1,689	-5.8%	1,679	-5.3%	7,505	6,159	21.8%
Margin (%)	65.5%	65.4%		64.0%		63.7%		64.0%	63.7%	
EBITDA	999	947	5.5%	1,086	-8.1%	1,048	-4.7%	4,749	3,876	22.5%
Margin (%)	41.1%	42.3%		41.2%		39.7%		40.5%	40.1%	
Other Income	134	99		129		124		515	386	33.4%
Depreciation	187	158	18.2%	189	-1.1%	174	7.0%	839	691	21.4%
EBIT	946	888	6.5%	1,026	-7.8%	997	-5.1%	4,425	3,571	23.9%
Interest	1	1		1		1		5	4	
PBT before exceptional items	945	887	6.6%	1,025	-7.7%	996	-5.1%	4,420	3,567	23.9%
Total Tax	249	235	6.0%	255	-2.1%	252	-1.1%	1,061	967	9.7%
ETR (%)	26%	26.5%		24.8%		25.3%		24.0%	27.1%	
Adj. PAT	701	659	6.3%	770	-9.0%	741	-5.4%	3,359	2,600	29.2%

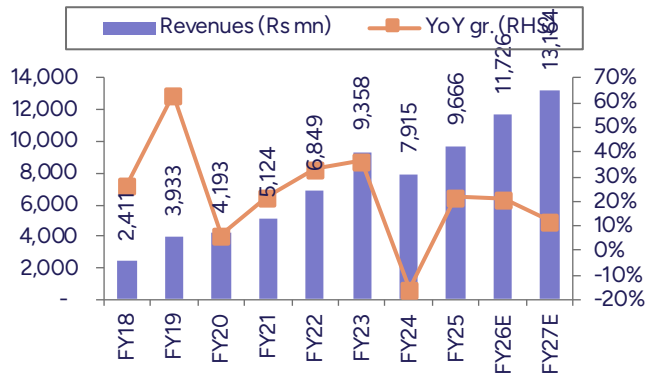
Source: Company, PL

Exhibit 2: Segmental Revenue (Rs mn)

Y/e March	Q1FY26	Q1FY25	YoY gr.	Q4FY25	QoQ gr.	FY26E	FY25	YoY gr.
Performance Chemicals	1,797	1,546	16.3%	1,819	-1.2%	8,571	6,670	28.5%
Pharma & Agro Intermediates	389	403	-3.6%	571	-32.0%	1,995	1,837	8.6%
FMCG Chemicals	243	291	-16.6%	246	-1.3%	1,160	1,160	0%
Total	2,429	2,240	8.4%	2,637	-7.9%	11,726	9,666	23.4%

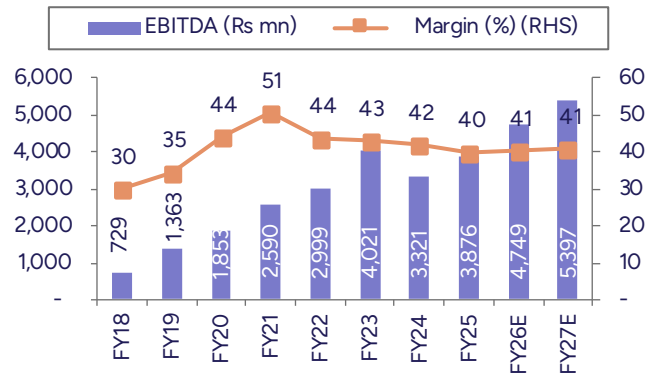
Source: Company, PL

Exhibit 3: Revenue to rise to Rs13bn by FY27



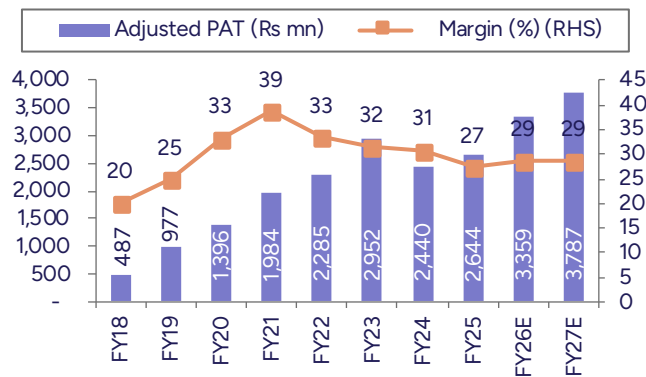
Source: Company, PL

Exhibit 4: EBITDAM estimated at 41% in FY27



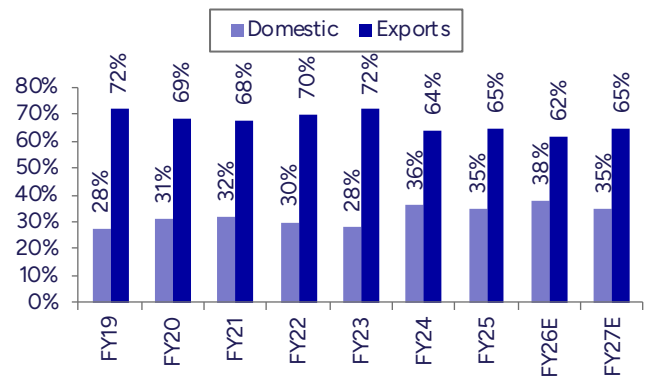
Source: Company, PL

Exhibit 5: PAT margins to reach 29% by FY27E



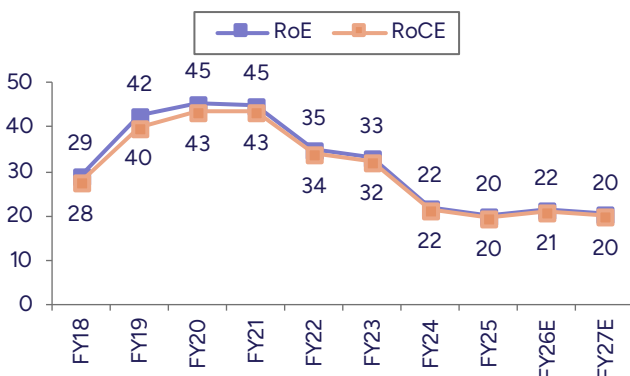
Source: Company, PL

Exhibit 6: Exports share to reach 65% by FY27E



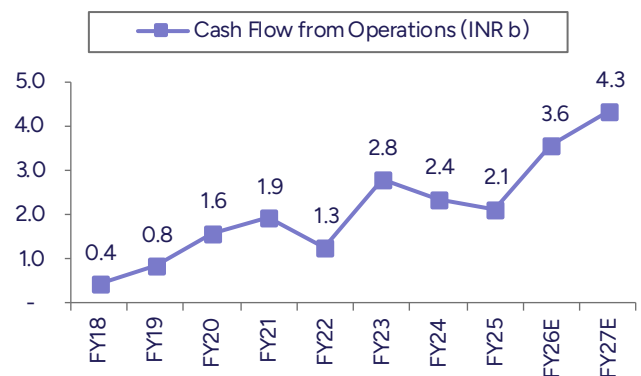
Source: Company, PL

Exhibit 7: Return ratios to be at ~20%



Source: Company, PL

Exhibit 8: Strong cash flow



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	7,915	9,666	11,726	13,164
YoY gr. (%)	(15.4)	22.1	21.3	12.3
Cost of Goods Sold	2,771	3,507	4,221	4,739
Gross Profit	5,144	6,159	7,505	8,425
Margin (%)	65.0	63.7	64.0	64.0
Employee Cost	487	564	704	790
Other Expenses	1,337	1,719	2,052	2,238
EBITDA	3,321	3,876	4,749	5,397
YoY gr. (%)	(17.4)	16.7	22.5	13.6
Margin (%)	42.0	40.1	40.5	41.0
Depreciation and Amortization	459	691	839	988
EBIT	2,861	3,186	3,911	4,410
Margin (%)	36.2	33.0	33.3	33.5
Net Interest	9	4	5	5
Other Income	413	386	515	578
Profit Before Tax	3,265	3,567	4,420	4,983
Margin (%)	41.3	36.9	37.7	37.8
Total Tax	825	923	1,061	1,196
Effective tax rate (%)	25.3	25.9	24.0	24.0
Profit after tax	2,440	2,644	3,359	3,787
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	2,440	2,644	3,359	3,787
YoY gr. (%)	(17.3)	8.4	27.1	12.7
Margin (%)	30.8	27.4	28.6	28.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,440	2,644	3,359	3,787
YoY gr. (%)	(17.3)	8.4	27.1	12.7
Margin (%)	30.8	27.4	28.6	28.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,440	2,644	3,359	3,787
Equity Shares O/s (m)	106	106	106	106
EPS (Rs)	23.0	24.9	31.6	35.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	8,182	9,657	11,308	13,383
Tangibles	8,182	9,657	11,308	13,383
Intangibles	-	-	-	-
Acc: Dep / Amortization	1,821	2,512	3,350	4,338
Tangibles	1,821	2,512	3,350	4,338
Intangibles	-	-	-	-
Net fixed assets	6,361	7,145	7,958	9,045
Tangibles	6,361	7,145	7,958	9,045
Intangibles	-	-	-	-
Capital Work In Progress	573	302	1,651	2,075
Goodwill	-	-	-	-
Non-Current Investments	3,394	3,809	3,809	3,809
Net Deferred tax assets	(323)	(338)	(338)	(338)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	1,237	1,494	1,813	2,035
Trade receivables	1,637	2,034	2,467	2,770
Cash & Bank Balance	106	202	209	1,420
Other Current Assets	679	1,091	1,323	1,485
Total Assets	13,987	16,078	19,230	22,640
Equity				
Equity Share Capital	106	106	106	106
Other Equity	11,925	14,058	16,877	20,055
Total Network	12,032	14,164	16,984	20,162
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	1,057	989	1,200	1,347
Other current liabilities	576	586	708	793
Total Equity & Liabilities	13,987	16,078	19,230	22,640

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	3,265	3,567	4,420	4,983
Add. Depreciation	459	691	839	988
Add. Interest	9	4	5	5
Less Financial Other Income	413	386	515	578
Add. Other	(335)	(284)	-	-
Op. profit before WC changes	3,398	3,978	5,264	5,975
Net Changes-WC	(279)	(885)	(652)	(455)
Direct tax	(755)	(955)	(1,061)	(1,196)
Net cash from Op. activities	2,364	2,138	3,551	4,325
Capital expenditures	(2,317)	(1,420)	(3,000)	(2,500)
Interest / Dividend Income	6	17	-	-
Others	458	(115)	-	-
Net Cash from Inv. activities	(1,852)	(1,517)	(3,000)	(2,500)
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(531)	(531)	(540)	(609)
Interest paid	(9)	(3)	(5)	(5)
Others	9	9	-	-
Net cash from Fin. activities	(532)	(525)	(545)	(614)
Net change in cash	(20)	96	7	1,211
Free Cash Flow	48	719	551	1,825

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	23.0	24.9	31.6	35.6
CEPS	27.3	31.4	39.5	44.9
BVPS	113.2	133.3	159.8	189.7
FCF	0.5	6.8	5.2	17.2
DPS	5.0	4.0	5.1	5.7
Return Ratio(%)				
RoCE	25.9	24.3	25.1	23.7
ROIC	19.5	18.2	19.3	18.9
RoE	22.1	20.2	21.6	20.4
Balance Sheet				
Net Debt : Equity (x)	0.0	0.0	0.0	(0.1)
Net Working Capital (Days)	84	96	96	96
Valuation(x)				
PER	62.9	58.1	45.7	40.6
P/B	12.8	10.8	9.0	7.6
P/CEPS	53.0	46.1	36.6	32.2
EV/EBITDA	46.2	39.6	32.3	28.2
EV/Sales	19.4	15.9	13.1	11.6
Dividend Yield (%)	0.3	0.3	0.4	0.4

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	2,381	2,408	2,637	2,429
YoY gr. (%)	31.5	23.7	15.9	8.4
Raw Material Expenses	895	879	958	839
Gross Profit	1,486	1,529	1,679	1,590
Margin (%)	62.4	63.5	63.7	65.5
EBITDA	897	985	1,048	999
YoY gr. (%)	19.8	13.7	10.9	5.5
Margin (%)	37.7	40.9	39.7	41.1
Depreciation / Depletion	175	183	174	187
EBIT	722	802	873	812
Margin (%)	30.3	33.3	33.1	33.4
Net Interest	-	1	1	1
Other Income	111	52	124	134
Profit before Tax	832	853	996	945
Margin (%)	34.9	35.4	37.8	38.9
Total Tax	245	196	255	245
Effective tax rate (%)	29.4	23.0	25.6	25.9
Profit after Tax	587	656	741	701
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	587	656	741	701
YoY gr. (%)	12.6	4.8	5.4	6.3
Margin (%)	24.7	27.3	28.1	28.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	587	656	741	701
YoY gr. (%)	12.6	4.8	5.4	6.3
Margin (%)	24.7	27.3	28.1	28.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	587	656	741	701
Avg. Shares O/s (m)	106	106	106	106
EPS (Rs)	5.5	6.2	7.0	6.6

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jul-25	Hold	1,354	1,483
2	22-May-25	Hold	1,354	1,329
3	08-Apr-25	Hold	1,224	1,167
4	31-Jan-25	Hold	1,329	1,385
5	08-Jan-25	Hold	1,471	1,449
6	07-Nov-24	Hold	1,526	1,484
7	05-Oct-24	Hold	1,561	1,579
8	21-Sep-24	Hold	1,548	1,477
9	02-Aug-24	Hold	1,516	1,562

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	420	477
2	Bharat Petroleum Corporation	Reduce	311	332
3	Bharti Airtel	Accumulate	2,148	2,030
4	Clean Science and Technology	Hold	1,354	1,483
5	Deepak Nitrite	Reduce	1,799	1,963
6	Fine Organic Industries	BUY	5,440	5,269
7	GAIL (India)	Hold	184	191
8	Gujarat Fluorochemicals	Reduce	3,541	3,522
9	Gujarat Gas	Sell	404	499
10	Gujarat State Petronet	Hold	348	335
11	Hindustan Petroleum Corporation	Sell	360	437
12	Indian Oil Corporation	Reduce	138	148
13	Indraprastha Gas	Reduce	186	221
14	Jubilant Ingrevia	Hold	713	788
15	Laxmi Organic Industries	Reduce	172	197
16	Mahanagar Gas	Hold	1,425	1,510
17	Mangalore Refinery & Petrochemicals	Hold	146	144
18	Navin Fluorine International	Accumulate	5,161	4,933
19	NOCIL	Reduce	172	200
20	Oil & Natural Gas Corporation	Accumulate	284	241
21	Oil India	BUY	566	436
22	PCBL Chemical	BUY	464	409
23	Petronet LNG	Reduce	315	302
24	Reliance Industries	Hold	1,479	1,519
25	SRF	Hold	3,069	3,231
26	Vinati Organics	Accumulate	1,882	1,944

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

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3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

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